

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St. SW  
Washington, DC 20554

Re: WC Docket No. 10-90; WC Docket 07-135; GN Docket No. 09-51; CC Docket 01-92;  
WC Docket No. 05-337; CC Docket 96-45; WC Docket No. 03-109

October 20, 2011

To ensure that all consumers in the U.S. have access to affordable, quality communications technology – including those with low incomes, people of color and other underserved constituencies – it is critical that the Federal Communications Commission overhaul the Universal Service Fund. Congress, consumers, and a wide range of interest groups have called on the Commission to reform USF to repair this program that is outdated and not adequately serving consumers. Most of the undersigned organizations have filed detailed comments with the Commission offering policy recommendations for reform. As you finalize proposed changes to USF, please keep in mind that the undersigned organizations are united behind the following principles as absolutely necessary to meet the interests of consumers in any reform:

**Reform cannot increase consumer prices while subsidizing highly profitable telecommunications companies.**

The purpose of USF reform is to ensure consumers, particularly those who are low income and who live in rural areas, have access to affordable, quality advanced telecommunications services. Yet current industry proposals grant billions in net savings to large telecommunications carriers from lower intercarrier payments while also permitting those carriers to charge vulnerable consumers billions in higher prices by increasing the Subscriber Line Charge (SLC). Incredibly the Commission is contemplating these even higher consumer rates when its own 2002 data found that companies were over-recovering their costs 82 percent of the time. Rather than perpetuating confiscatory carrier subsidies, savings in the high cost program should be redirected to low-income programs such as Lifeline.

**Carrier subsidies must be justified.**

The Lifeline and LinkUp programs, whose beneficiaries are low-income people, require that consumers demonstrate their need for support through a means test. That same logic and standard must apply to subsidies for telecommunications companies to safeguard the interests of consumers. The agency must first have adequate data to justify where subsidies are – and are not – needed. The Commission must consider all carrier revenues, not just the artificially segregated revenue from legacy services before granting scarce public funds to a company.

**Consumer protections must stay in place.**

In most cases, a carrier receiving high-cost subsidies is the only company providing service in a particular area, a de-facto monopoly. Yet carriers are urging for eliminating all consumer protections for these companies. Consumer protection is essential for monopoly providers and critically important to provide redress even when competition is present.

**Carriers that receive public subsidies must be required to interconnect their networks.**

Any company that receives subsidies from the Connect America Fund (CAF) must be obliged to offer interconnection to its network at reasonable rates and terms. This modest obligation is vital to preserving the ability communities to self-provision broadband in the remaining un-served areas that will not be covered by the CAF as will well as keep open the door for competition in high-cost areas.

**Communities that self-provision should be eligible for funds.**

Currently universal service funds exclude some of the most innovative projects in America today, those projects developed by the communities themselves without corporate support. Adequate national broadband deployment requires the cooperation of all sectors of society, not just the private sector.

**The draft order must be made available to the public before being voted on.**

The agenda for the Commission's upcoming October 27, 2011 meeting includes several major policy changes to USF. Yet details on the policies being seriously considered for approval have yet to be made available to the public. We ask the Commission to publish the text of the proposed rules immediately so that interested parties can comment on whether they advance the public interest.

Respectfully,

Access Humboldt  
Alliance for Community Media  
Benton Foundation<sup>1</sup>  
Center for Media Justice  
Center for Rural Strategies  
Common Frequency  
Consumers Union  
Free Press  
People's Production House  
Prometheus Radio Project  
Main Street Project  
Media Alliance  
Media Access Project  
Mountain Area Information Network  
National Alliance for Media, Arts and Culture

National Hispanic Media Coalition  
New America Foundation, Open Technology Initiative  
Reclaim the Media  
United Church of Christ, Office of Communication Inc.

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<sup>1</sup> The Benton Foundation is a nonprofit organization dedicated to promoting communication in the public interest. These comments reflect the institutional view of the Foundation and, unless obvious from the text, are not intended to reflect the views of individual Foundation officers, directors, or advisors.